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October 24, 2003

Chairman Marc Spitzer
Commissioner William A. Mundell
Commissioner Jeff Hatch-Miller
Commissioner Mike Gleason
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Re: Proposed Public Comment Meetings on Pipeline Safety discussed at the October 21, 2003
Open Meeting

Dear Colleagues:

As I proposed at the October 21st open meeting, I believe that the Arizona Corporation Commission, through its commissioners, should conduct public comment meetings in locations throughout the state that are most acutely affected by our network of interstate hazardous liquid gas and natural gas pipelines. I feel it is appropriate to conduct these meetings since this branch of state government has clearly delineated regulatory authority over pipeline safety and the greatest expertise in pipeline inspection. These meetings would be geared toward providing Arizonans with information about the ACC's role in overseeing pipeline safety, should permit public input into how the ACC and the federal government can improve pipeline safety efforts, and provide local officials an opportunity to describe how their communities are affected by the presence of the pipelines. Public feedback to the Commission is particularly important as we go about making proposals for changes to the Integrity Management Program, and as we make recommendations to the federal Office of Pipeline Safety and pipeline owners on how to better inform the public about pipeline safety.

The meetings could also explore the current constraints placed on our inspectors by OPS, and how those federally-imposed limitations could be lifted or mitigated. For instance, the meetings could address the need to give state inspectors more time to inspect the pipelines. Currently, OPS limits the amount of time state inspectors may spend inspecting interstate lines. The meetings could also touch on the need for heightened enforcement, either by OPS or by the state should such power be devolved to the state, of violations that are found by state inspectors.

For your review, consideration and comment, I have drafted a brief outline of how I envisioned that the meetings would be conducted. This is merely a starting point to consider for these meetings and I welcome other commissioners' and staff's input.

- I. Informational/background session on the Arizona Corporation Commission's role in inspecting pipeline safety
 - a. The Pipeline Safety Division will prepare a 15 minute power point presentation on pipeline safety in Arizona, including maps of the network of both liquid gas and natural gas pipelines, a description of the amount of time the inspectors are permitted to inspect the network of pipes, a discussion of the current requirements of Kinder Morgan and other pipeline operators to educate the public about the presence of the pipeline and a description of the process by which inspectors issue notices of probable non-compliance.
 - i. The presentation by the Pipeline Safety Division should include a demonstration session by Terry Fronterhouse and his team of the division's cathodic protection testing equipment, which is used to demonstrate how to take pipe to soil readings.
 - ii. The presentation should also include a discussion of the importance of man hours spent walking and inspecting the lines; such inspections allow us to look for soil softened or moistened by leaks and are often the only available means for detecting leaks or breaks in a pipeline.
 - b. Other agencies with regulatory oversight of the pipelines should also be given an opportunity to present, including the Department of Environmental Quality and the Arizona Department of Real Estate.
 1. DEQ could present its soil and water quality monitoring findings near the Tucson burst area.
 2. Real Estate could provide a briefing on the status of the state's disclosure law pertaining to the proximity of the pipeline to homes, schools and businesses.
 - c. Staff will also discuss the Commission's regulatory posture relative to the federal government and the history of state and federal oversight.
 - d. Commissioners would then be given 15 minutes to brief the public on current proposals for improving pipeline safety procedures.
 - i. Chairman Spitzer's proposals to the Senate Commerce, Science and Transportation Committee.
 - ii. Proposed improvements/need for greater state involvement in administration and enforcement of the Integrity Management Program; proposed improvements to the education/outreach requirements set by OPM.
 - iii. Other proposals by Commissioners Mayes, Mundell, Hatch-Miller or Gleason.
- II. Public Input
 - a. The Commission would then take 30 minutes of testimony/commentary/questions from the public as well as from local officials in each affected community.

- b. Kinder Morgan, El Paso and other pipeline owners could be invited to make presentations on their public education efforts and pipeline safety programs, as well as their plans to replace aging pipe.
- III. Possible locations of the public comment meetings based on the presence/proximity of natural gas and hazardous liquid gas pipelines to these communities. Clearly, we will not be able to make it to each of these locations, but I offer these, and further suggest that we narrow the list to five or six.
- a. Flagstaff – Transwestern and El Paso natural gas pipelines run through city limits.
 - b. Tucson – Kinder Morgan liquid gas and El Paso natural gas pipelines run through city limits.
 - c. Kingman/Bullhead City – El Pas natural gas pipeline runs near Kingman.
 - d. Benson – Kinder Morgan gas runs on the north side of Benson, and a second KM line runs near the railroad tracks there.
 - e. Yuma – Kinder Morgan’s western gas line runs through city limits; El Paso natural gas line runs from south of Quartzsite to Yuma.
 - f. Eloy/Toltec – Kinder Morgan’s gas pipeline runs along railroad tracks near these communities.
 - g. Chandler – Kinder Morgan’s 6 inch gas pipeline runs through this community.
 - h. Laveen – Kinder Morgan’s pipeline runs along 51st Ave. from the tank farms through these communities and down to the Estrella Mountains.
 - i. Mobile – Kinder Morgan’s gas pipeline runs nearby.
 - j. Tuba City – The Questar natural gas pipeline runs near this community.

I have not included a proposed list of dates for these public meetings, but with your permission, I will ask Heather Murphy to contact your respective administrative assistants to begin finding dates that work for all. In the meantime, please return to me any comments, concerns or amendments you might have, including with regard to the above-mentioned proposed locations.

Sincerely,



Kristin K. Mayes
Commissioner

CC: Docket Control; Terry Fronterhouse; Brian McNeil